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ABSTRACT

Many companies recognize the importance of including older persons in the labor force, but barriers still exist that limit their productive employment. Negative stereotypes may influence hiring and promotion decisions, and training opportunities may be closed. A study was conducted of private sector employment programs/practices that are intended to increase employment options for older workers, using the University of Michigan National Older Workers Information System (NOWIS), a computerized information system containing descriptions of company programs/practices for older workers. A range of private sector approaches was analyzed to determine the extent to which different employment problems are addressed and how these programs/practices meet the personnel needs of the companies involved. The analysis suggests that programs are successful when they are symbiotic--benefiting both the worker and the company. Approaches tend to focus on special programs to use needed technical or professional skills and/or to employ people for part-time or temporary work. Most programs involve white-collar workers; programs for blue-collar workers generally were concentrated in service occupations. Social Security policies, employee benefit policies, and the state of the economy all have important implications for older workers, the study found. Private sector programs can be expected to expand with the growth in the proportion of older persons in the labor force. These efforts, however, will probably be limited to situations in which a program or practice works to the mutual advantage of employers and older workers, especially with regard to blue-collar production workers and nonclerical white-collar workers. For these groups, other approaches may be needed. (KC)

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INNOVATIVE EMPLOYMENT PRACTICES FOR OLDER AMERICANS

by

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Executive Summary

Many companies recognize the importance of older persons in the labor force, but barriers still exist that limit their productive employment. Negative stereotypes may influence hiring and promotion decisions, and training opportunities to upgrade skills may be closed. Minor disabilities may interfere with work routines and there may be limited options for part-time employment, which grows in importance with age.

In this paper, we examine private sector employment programs/practices that are intended to increase employment options for older workers. Using The University of Michigan National Older Workers Information System (NOWIS), a computerized information system containing descriptions of company programs/practices for older workers, an illustrative range of private sector approaches is analyzed to determine the extent to which different employment problems are addressed and how these programs/practices meet the personnel needs of the companies involved.

The analysis suggests that programs are successful when they are symbiotic -- benefiting both the worker and the company. Approaches tend to focus on special programs to use needed technical or professional skills and/or to employ people for part-time or temporary work. Most programs involve white-collar workers; programs for blue-collar workers generally apply to service occupations.

Social Security policies, the regulation of employee benefits, and the state of the economy all have important implications for older workers. Private sector programs can be expected to expand with the growth in the proportion of older persons in the national labor force. But we can expect these efforts to be limited to situations in which a program or practice works to the mutual advantage of the employer and the older worker. This particularly affects blue-collar production workers and nonclerical white-collar workers, limiting the extent to which private sector efforts can be expected to address their situations.

Innovative Employment Practices for Older Americans[1]

With the aging of the U.S. population, older workers are becoming an increasingly important segment of the work force. Although there is a growing awareness that the employment of older workers is mutually beneficial to employer and employee alike, significant barriers remain to impede their full use. The need to overcome these barriers is critical, not only to older workers who wish to remain productive members of society, but also to employers who face the prospect of a diminishing pool of younger workers and the potential loss of valuable skills and experience through the untimely retirement of needed workers.

In this paper, we examine company programs/practices that address employment barriers faced by older workers in the context of the personnel needs of private sector employers. Using the National Older Worker Information System (NOWIS), a computerized data base developed at The University of Michigan, we analyze a variety of innovative programs and practices involving older workers and discuss examples of these company-sponsored programs directed to specific segments of the work force.

Barriers to Employment: An Overview

The definition of the "older worker" must be flexible, given the vast diversity of employment settings and effects of aging. In general, it is useful to take a functional approach, with a worker becoming an "older worker" when age becomes a negative factor in employment. For some, this may be relatively late in life. More often, workers in their 50's begin to experience age-related problems. But such problems may occur much earlier. For example, there is some reason to believe that age affects employment decisions regarding many workers in their 40's (Sheppard 1971:6).

The problems that may limit the labor market participation of older workers vary widely and are by no means universal in their applicability. For our purposes, we can categorize these problems into four general barriers to effective employment:

(1) Negative stereotypes may work against older persons in hiring and job assignment/promotion decisions.

(2) Part-time employment options that may be relevant to the needs of many older workers may be absent.

(3) Older persons may be excluded from training opportunities which would enhance their prospects for continued employment.

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[1]This analysis is based, in part, on allied research efforts undertaken with the support of the U.S. Administration on Aging and The Travelers Insurance Companies.

(4) Minor disabilities may force older persons out of positions for which they might otherwise be well qualified.

While these four categories may not completely encompass age-related employment barriers, they represent the most common ones and thus provide a useful means of classifying the program and practice responses developed by private sector companies.

Before discussing how employment programs/practices have been developed, a closer examination of these barriers is helpful. Of the four major types of problems for older workers, perhaps the most pervasive one involves negative stereotyping which affects hiring, job assignment, and promotion. Such stereotypes are frequently based on the assumption that older workers suffer from diminished physical and mental capacities. Although advancing age unquestionably results in some physical changes, there is considerable uncertainty about the extent of these changes and the age at which they occur. Individual variation within age ranges is so great that it is difficult to make meaningful statements about the general relationship of age and competence or productivity (Robinson 1982:53). Any assessment of age-related decrements in ability must distinguish between clinically observed changes in physical characteristics (such as hand-strength, vision, hearing, and stamina) and behavioral dimensions (e.g., decisionmaking or risk-taking) and their implications for work. Differences observed in the laboratory may not have great relevance to ongoing work requirements (Root 1981:/).

Negative stereotypes about abilities sometimes find expression in employment practices that seek to streamline administrative tasks by avoiding some individual assessments. For example, employers often have found it convenient to screen applicants for jobs or training through either formal or informal blanket age limits rather than to consider each individual on merit. Although age may be relevant to some jobs, blanket exclusions are seldom justified.

In addition to conscious attitudes affecting employment decisions, negative stereotypes may also unconsciously influence personnel decisions. This was vividly demonstrated in a study involving executives in a decisionmaking simulation. While expressing support for age-free policies, these executives systematically made less positive decisions concerning training and promotion when older workers were involved (Rosen and Jerdee 1977).

Similarly, interviews with older workers reveal problems related to promotion and job assignment. Older workers in one study often noted that there was no management support for changing assignments within the company and in some cases "failure at a new assignment could mean termination" (Boyack 1982:5). Personnel policies that view older workers as "old dogs who can't learn new tricks" become self-fulfilling prophecies. The decline in performance by age noted in a study of design engineers, for example, attributed slippage to the effects of age discrimination. According to the study, engineers in their 40's find

themselves in a "negative spiral of dull assignments, few prospects for advancement, no recognition or reward for his work, lowered ratings, declining self-confidence and rising despair" (Dalton and Thompson, quoted in Fleisher and Kaplan 1980:54).

A second and related problem area for older workers is limited training opportunities. Obsolescence of skills, particularly in industries in which the pace of technological change is rapid, is a legitimate concern of employers. However, employers may tend to overlook older employees in their training efforts, making it more difficult for such employees to keep up to date. The failure to provide opportunities for updating, advanced training, or retraining may result from age stereotypes or from cost-effectiveness arguments. Negative stereotypes that regard the older worker as resistant to change, unable to learn, or educationally unqualified are not only an employer problem but also may be accepted by older workers who view themselves as less capable of learning.

Some of the problems associated with training opportunities reflect outdated perspectives such as: older workers tend to be less well-educated than their younger counterparts. The belief that older workers are not qualified for many forms of training has become less valid as the educational background of older workers approaches that of younger people. While there may be some validity to the idea that older workers who have been out of a classroom for 30 years have lost habits necessary to the traditional learning process, new teaching techniques to help engage the learner are available and increasingly recognized as effective for young as well as older workers.

The other critical factor limiting training opportunities for older workers is cost effectiveness. It may appear that training older workers is not cost effective because they may retire too soon to justify the expense. This assumption may or may not apply; in many cases, the anticipated future work life of an employee in his/her 50's exceeds the expected life of new technologies for which they would be trained. Because of advances in computers and microprocessors, automated inventory systems, for example, are changing so rapidly that a new system may become outmoded in 5 or 10 years. While an employer must consider the payoff in terms of the future work life of the employee, the expected "half-life" of new technology must also be considered.

In making training decisions, the relatively stable work pattern of older employees is also a factor. Training a 50 year-old worker who continues on the job until retirement may be more cost effective than training a 25 year-old who soon leaves for another employer.

A third problem area for older workers and employers is minor physical disabilities that interfere with work routines. Although the timing and extent of change varies, it is certain that physical changes occur with age. Chronic illness also becomes more prevalent, although many chronic diseases can be controlled by medicine, permitting the majority of older persons to continue their daily routine (Fleisher and Kaplan 1980:143). In many types of jobs, these minor physical disabilities do not significantly affect workers' ability to perform. Indeed,

successful workers of any age are able to compensate for minor changes in abilities. In other types of employment, the effects of changing abilities or minor physical limitations can be minimized or eliminated through redesign of work tasks or modification of the physical demands of the job. The latter might include changes in such factors as the amount of force required to operate tools or equipment or the extent of physical activity or posture demanded by the task.

There is also a need to examine the work-related etiology of some chronic health conditions suffered by older workers. The long-term effects of faulty work design on older workers is a largely unexplored area. But there can be no doubt that even in the short-term, such features as poor lighting, absence of seating, overly complex control functions, or unnatural positions ultimately will affect workers' performance and productivity (Murrell 1970:76).

The fourth major barrier faced by older workers is limited opportunities for partial retirement or part-time work. According to theories of life cycle economic behavior and survey data, many individuals desire a reduction in work hours as they become older (Davis 1980:14). But employers have opposed short hours, believing that such changes would result in increased labor costs (for training, employee benefits, hiring costs, and payroll taxes), negative effects on employee commitment and productivity, additional administrative work due to the greater number of employees, and more complicated arrangements for vacations, holidays, and work space. Employers may also resist changes from traditional work arrangements involving eight-hour days and forty-hour weeks because such variations may result in other changes in the system and unknown costs (Hyde 1982:14).

The Personnel Demands Facing Employers

Barriers to employment for older workers represent only one-half of the picture; on the other side are companies faced with production/personnel demands. For many companies, there has been a growing recognition of older workers as a personnel resource which has been underutilized. Two general situations have emerged for companies. First, a company may require critical skills, and older persons are a source of such skills. These skills may reflect a general area of expertise (e.g., systems analysts, skilled machinists, petroleum engineers) or they may be related to particular experiences -- a "specific" human capital approach (e.g., the long-term employee whose knowledge of the work setting is invaluable). In either case, the company may undertake programmatic efforts to attract and retain such employees.

The second general situation faced by employers arises from the demand for flexibility in scheduling, often reflecting fluctuations in work load. Older workers are increasingly being seen as a personnel resource for part-time or seasonal work. While such personnel practices of companies are certainly developed with cognizance of the needs of older workers, they are aimed at meeting the on-going production demands of the corporate enterprise. In other words, an understanding of the programs/practices for older workers must be informed by a recognition

of how the approach meets the personnel needs of the company. Although this observation, once stated, becomes obvious, it may be overlooked when assessing the role of private sector employment for older workers. We can expect programs to exist only to the extent that they are symbiotic, creating mutual advantages for workers and for employers.

This perspective has important implications for what types of employment barriers we can expect private sector concerns to address and where we can anticipate that such initiatives are unlikely. The symbiotic nature of the programs is their strength, but it also defines the limitations of such company-based approaches. The strength comes from the fact that they serve the interests of the company and offer an attractive alternative to the workers involved. This foundation offers a clear rationale for their continued existence (and a strong argument for the expansion of successful models to related employment settings).

But there may be many situations in which such a symbiosis does not exist -- at least not in the short run. Without the motivation of mutual advantage, private sector efforts may not extend to large groups of older persons.

In this study, we draw upon the National Older Workers Information System (NOWIS), to identify the areas in which private sector innovations have expanded the employment potential of older persons. Using the data base as illustrative of efforts nationwide, we examine a variety of barriers to employment in terms of the extent to which they have or have not been addressed through private sector efforts. Our goal is to explicate the important role played by private sector initiatives and to identify the limits which can be expected to circumscribe such efforts.

In the following sections, we first present the NOWIS data base and define its appropriate interpretations for this analytic task. Next, we consider the extent to which private sector programs/practices differentially apply to both the barriers to employment faced by older workers and to the personnel imperatives faced by companies. Our examination involves a quantitative assessment as well as a more qualitative review of specific programmatic approaches. In the last section, we discuss some of the implications of our analysis for public and private policies.

NOWIS as an Illustrative Data Base

The National Older Worker Information System (NOWIS) is a project of the Institute of Gerontology at The University of Michigan, supported by the U.S. Administration on Aging. NOWIS is a computerized system designed to provide information about company-based programs and practices addressed to older workers in various employment settings. It is intended to offer a resource for employers, unions, and other groups who are interested in using the skills and experience of older workers.

NOWIS consists of two basic elements: a set of narrative summaries of programs or practices operated by private sector employers and a computerized retrieval system for identifying those summaries relevant to the particular interests and concerns of the user. The summaries contain detailed information about the organizational context and company's experience with the program or practice. The computerized retrieval capabilities of NOWIS permit identifying program/practice narratives on the basis of type of industry or business, size of company, geographic location, the nature of the program or practice, and/or the type of work force affected (e.g., unskilled, skilled, clerical, professional).

Building the NOWIS data base involved a two-stage process of identification and verification of company programs or practices. In the first stage, an extensive review of relevant literature was undertaken, drawing upon periodicals and books in the fields of gerontology, industrial relations, and human factors engineering. These materials were augmented by articles from newspapers and popular magazines that referred to specific company programs. In addition, letters of inquiry were sent to more than 80 national organizations interested in older worker issues, requesting the names of companies with innovative approaches to older worker employment. These included professional or trade associations, organizations engaged in research on older workers, retirees' clubs, and placement agencies specializing in older workers.

One reason for the letters was to uncover what might be termed "invisible" programs -- programs that do not find their way into the published literature. In the literature and in responses to our inquiry, a few programs -- characteristically, programs of large corporations with articulate and activist personnel departments -- were cited repeatedly. However, our literature review and direct contacts with companies and private sector organizations revealed many more examples of programs/practices which, while less visible, were applicable to a wide variety of employers.

The initial identification phase of data collection was followed by telephone interviews to verify, expand, and update the information available in the literature. Priorities were established to direct the efforts of this more intensive and time-consuming second stage of data collection. After approximately 4 months of telephone interviews, we began to select programs more purposefully in order to build the range of our program examples. Program types that were already well represented in the NOWIS data base (e.g., part-time employment for retired clerical workers) had a lower priority than program examples for which there were fewer parallels. This approach permitted the accumulation of a data set that better represented the range of programs, given the constraints of staff resources.

The telephone interviews served two additional purposes. First, the contacts frequently led to suggestions of other company programs that were not represented in the literature. In this way we added approximately 50 potential programs to the 250 identified in the first stage of the project. The second contribution of the telephone contacts was to alert the staff to problems associated with using the secondary literature. Our followup phone contacts have revealed that much of the

published material on specific employer programs is fragmentary, outdated, and, occasionally, inaccurate. Because of the problems associated with unconfirmed information, we are limiting our discussion to those employment programs/practices for which we have direct information from telephone interviews with those responsible for the programs.

The NOWIS data base, as of February 1983, includes 153 companies, representing 309 programs/practices. Three-quarters of the companies reported one or two approaches (or separate work groups involved). About one company in 10 reported four or more different programs.

The NOWIS data base includes a range of industry types (see Table 1). Manufacturing is most frequent, with 41.8 percent of the NOWIS examples representing such employment situations. These settings include heavy industries, high technology producers, and manufacturing subcontractors (e.g., packaging specialists).

Finance, particularly banking and insurance, is the second most often observed type of business (17.0 percent). These programs/practices tend to apply to clerical or other nonexempt white-collar positions, although other work groups may be included.

Business services (including personnel placement and a variety of consultation services) constitute 13.1 percent of the total. Among these are examples of programs which are freestanding, that is, not a part of a larger company's operations. The consultative programs tend to use retired professional or managerial personnel to offer highly specialized business support services.

Table 1

Industrial Mix in NOWIS Data Base[1]

	Number	Percent
Manufacturing	64	41.8%
Finance	26	17.0
Business Services	20	13.1
Wholesale and retail trade	14	9.2
Professional services	14	9.2
Personal services	4	2.6
Construction	1	0.6
Communications	1	0.6
Public utilities	3	2.0
Government	6	3.9
Total	153	100.0%

[1] Based on the characterization of the principal activity of the companies represented in the NOWIS data based as of February 12, 1983.

Wholesale and retail trade accounts for about 9 percent of the companies. Characteristically, these companies use older persons for part-time sales, although there is some variation in approach.

The professional services (9.2 percent) refer to health, education, and welfare; and personal services (2.6 percent) include domestic, lodging, and garment services as well as entertainment and recreation.

Most of the companies represented are medium or large: almost three-quarters have over 500 employees and over one-half of that group have more than 5,000 employees. Twenty-seven percent of the program examples came from firms with less than 500 employees.

Programs for Older Workers: The Intersection of Interests

As we have suggested earlier, private sector programs and practices that have been initiated for older workers frequently represent areas in which the personal priorities of companies mesh with the employment needs of older workers. Implications of this dynamic can be explained through use of the NOWIS data base.

We earlier identified four general types of employment barriers encountered by older workers: (1) negative stereotypes that limit employment and advancement on the job, (2) limited training opportunities, (3) minor physical disabilities that may interfere with the regular work routines, and (4) limited opportunities for part-time employment. There are programmatic approaches that may work to alleviate or eliminate the problems in each of these areas. For example, a number of companies have programs specifically aimed at the hiring of mature workers. In some cases, this may be a hiring process explicitly designed to create an age-neutral approach. In other cases, companies may deliberately recruit experienced retirees from other companies.

Hiring for part-time positions is an even more common program type. Employers in a range of settings are instituting their own retiree pools or using other older workers as a source of temporary and/or part-time employees. This often suits the retired person who wants to work, but only up to the social security retirement test level. It also meets the needs of the employer seeking employees for limited work opportunities.

Programs or employment practices that seek to develop objective job/worker appraisals address the problems of inappropriate age stereotyping. Although usually not specifically geared to the problems of the older person, such approaches have particular relevance to their employment, just as they do for women and minorities who may encounter negative stereotypes about their abilities to do certain jobs.

Similarly, training programs tend to apply to the whole work force but often have special impact for the older person facing a changing work environment and, with that, changing skill demands. Approaches to training may take a variety of forms, from in-service courses to tuition reimbursement to individualized study leaves.

Job modification or redesign efforts have offered the opportunity for continued employment for workers who suffer a minor disability that interferes with normal employment. Although systematic programs of job redesign remain rare, many companies alter jobs on an ad hoc basis to enable a valued employee to continue working. In addition to changes in the physical environment, modification of tasks or responsibilities (e.g., splitting a job into two parts for job sharing) presents another approach. Flexible scheduling (or "flexitime") to permit adjustments in the work routine is another form of job modification that meets the needs of a variety of persons in the work force.

The Incidence of Different Approaches: A Quantitative Overview

All of these approaches to the employment of older persons find representation in the NOWIS data base. Use of this information system as illustrative of the types of approaches found in private sector (for-profit) companies provides an idea of (1) the extent to which resources have been applied to different programs/practices and (2) the nature of the work force affected.

Table 2 shows the types of program examples in the NOWIS data base. In this analysis, we have excluded programs designed primarily as transitions to retirement and those that have job placement for older workers as their principal goal. The "transition" programs include a variety of approaches, such as progressively increased vacation time as a form of "phased retirement" and retirement "trials" or "rehearsals" to provide the person nearing retirement with the opportunity to gain first-hand experience with what to expect when work is terminated. We are not considering these approaches in this analysis because they are not oriented to expanding employment opportunities, but, rather, to terminating employment more smoothly. While they represent an important set of program efforts, they are less relevant to the on-going employment of older persons.

Placement programs have been excluded because they characteristically are not operated in the context of a larger parent company. They usually represent freestanding enterprises, both for-profit and not-for-profit, and as such are not representative of how companies themselves work with their own personnel. We have also excluded a residual category of programs/practices that do not fit into any of the other classifications. These include approaches such as incentives to discourage retirement and paid leave to perform community service.

Analysis of the rest of the NOWIS program/practice examples reveals that part-time employment represents by far the most common type of program, accounting for over one-half of the total. Full-time employment programs that specifically seek older workers for regular company positions constitute the second most common type, although the incidence of such programs is well below that of part-time and/or temporary employment.

Programs for white-collar workers represent over 70 percent of the examples that are not targeted for the general work force. Nonexempt white-collar workers alone account for 40.6 percent. Programs for skilled workers represent only 7.5 percent and 20.3 percent are for other blue-collar workers.

"Flexitime" programs (10.0 percent of the examples) can include a wide variety of approaches. National statistics suggest that a surprisingly large number of persons are on some form of flexible scheduling. A detailed examination of the statistics, however, reveals that this may be misleading as an indicator of employment innovation. For example, a large proportion of public safety officers (police and fire fighters) who work long or irregular hours are on "flexitime." Another sizeable portion of those with flexible scheduling have a relatively constrained choice, such as varying their starting/stopping time within a very narrow range to avoid rush-hour traffic. Such approaches may bring important advantages to workers, but they do not represent the extent of flexibility which we normally associated with "flexitime."

Table 2

Program Types Represented in NOWIS[1]

	Number	Percent
Hiring for full-time employment	28	12.1
Hiring for part-time or temporary employment	118	51.1
Job/worker appraisal	12	5.2
Training	30	13.0
Job redesign	20	8.6
Flexible scheduling	23	10.0
Total	231	100.0

[1] Based on NOWIS data base (December 15, 1982). This listing excludes placement programs for older workers (n=21); programs designed as transitions to retirement (n=24); and a residual category (n=33). This exclusion is described in the text.

Training programs represent 13.0 percent of the NOWIS examples. As in the case of flexitime, most training approaches are not specifically designed for older workers, but those cited in NOWIS have particular application to the training of older persons.

Programs of job redesign include both physical changes and changes in job responsibility. The latter type, which includes such alternatives as job sharing, may overlap with part-time employment, although we have sought to limit this by categorizing such programs as job redesign only when they represent a specific redefinition of responsibilities/activities. About 9 percent of the NOWIS examples fit into this category.

Job/worker appraisal refers to approaches that regularly and systematically assess positions and applicants and explicitly use this for hiring/ deployment decisions. Although all companies have some means of evaluating performance, only 12 program examples have been identified that have formalized approaches for evaluating the ongoing performance of employees. There are no examples in NOWIS of the use of formalized appraisal systems for hiring purposes.

The distribution of program/practice types provides a rough idea of the distribution in the NOWIS data base. By combining program type with the nature of the work force affected, we create a better picture of the extent to which different worker groups are covered. For this purpose, we can think in terms of four general groupings of workers: (1) professional/managerial, (2) other white-collar, (3) skilled blue-collar, and (4) semi-skilled or unskilled blue-collar.

The types of NOWIS programs/practices are presented in terms of the nature of the work force involved in Table 3. Sales workers are included as "other white-collar workers." "Skilled blue-collar" workers include persons in a variety of crafts. The category of "semi-skilled or unskilled blue-collar" includes operatives, non-farm laborers, and service workers. The "general work force" category includes the programs/practices that apply to the entire work force of a company when that work force can not be characterized in terms of one or two of the other categories. (It should be noted that in cases for which a company practice specifically applies to two types of workers, we report that program separately for each of the worker groups.)

Table 3

NOWIS Program/Practice Examples by Program Type and Nature of Work Force[1]

	General Work Force	Professional/ Managerial	Clerical and Other White-Collar	Skilled Blue-Collar	SemiSkilled or Unskilled Blue Collar	Total
Finding a full-time job	2	9	8	4	5	28
Finding a part-time job	6	37	48	7	19	117
Job/applicant appraisal	5	1	5	0	1	12
Training	17	5	3	2	1	28
Job redesign	4	4	4	0	8	20
Flexible scheduling	7	3	8	1	4	23
Total	41	59	76	14	38	228
Percentage[2] of total	--	31.6%	40.6%	7.5%	20.3%	100.0%

[1] This tabulation does not include programs in NOWIS which are designed to provide a transition to retirement nor does it include a miscellaneous grouping of program types (e.g., sabbatical leaves).

[2] This percentage is based on the examples which do not include a general work force (i.e., the base is 187 rather than 228).

The distribution of the NOWIS examples roughly corresponds to the occupational distribution of older workers (see Table 4). Although there are some distortions inherent in comparing numbers of people in occupational groups with numbers of programs, the relationship is suggestive of the extent to which private sector actions differentially allocate programmatic resources to certain types of older workers. To the extent that this appears to be the case, we can identify areas in which private sector initiatives do not appear to address the situations of particular groups of older workers. For example, the NOWIS sample suggests that programs for blue-collar workers are underrepresented, while white-collar nonexempt workers are considerably overrepresented.

Table 4

Occupation of Employed Persons Age 45 to 64
(1979 annual averages, in thousands)

	Male	Female	Total	
Professional and managerial	5,616	2,446	8,062	(28.3%)
Other white-collar	2,030	6,375	8,405	(29.5%)
Skilled blue-collar	3,763	206	3,969	(14.0%)
Semiskilled, unskilled, and non-household service employees	4,561	3,452	8,013	(28.2%)
TOTAL	15,970	12,479	28,449	(100.0%)

Source: U.S. Bureau of the Census, "Social and Economic Characteristics of Americans During Midlife," Current Population Reports, Special Studies Series P-23, No. 111, June 1981, Table 17, p. 32.

Meeting Personnel Needs: A Qualitative View of Older Worker Practices

The distribution of program examples in Table 3 provides a quantitative measure of the nature of the work force covered by different programs. In order to explicate the nature of these programs and how they fit into the broader personnel objectives of the companies, it is necessary to look more closely at the nature of the programs themselves. As we have suggested earlier, programs initiated by private sector concerns tend to be successful and enduring when they meet the needs of both worker and management. Employers seek older workers for their particular skills or for their willingness to work under particular work arrangements.

In this section, we look beyond the numbers of programs to representative examples in order to clarify the relationship of the particular approach to the personnel goals of the company. In so doing, we seek to develop a more complete understanding of the nature of the programs and to clarify the ways in which the goals of the company correspond with those of various groups of workers. All of the examples cited are actual, selected from the NOWIS data base.

Hiring. Companies that specifically hire older persons tend to do so for two reasons: (1) they need skills, which are in short supply or (2) they need help for less than a normal full-time position. The former case frequently involves companies seeking professionals whose particular skills are in short supply (e.g., engineers, systems analysts). The need in some cases may be very specific. For example, a major defense contractor reports the need to rehire its own professional retirees because some projects require a "history" with prior activities. By bringing in a retiree from another company, the benefit of the "institutional memory" arising from long service would be lost. In this case professional expertise is augmented by specific experiences to make the company's own retirees particularly valuable for special projects.

In general, programs to use older professionals tend to be addressed to individuals who had been relatively well paid. Those workers whose initial skills made them attractive and valued during their work life tend to have less financial need in retirement. In general, this means that those workers who may have greater financial need for some continued employment in their later years tend to be the least likely target of private sector efforts.

In addition to the hiring of retired professionals or managers, other retirees are natural candidates for certain types of jobs. Retired postal employees become couriers; retired policeman, bank guards. To some extent these programs reflect the relatively generous early retirement provisions of many public service occupations.

Older workers are prime candidates for a wide variety of part-time, seasonal, or other temporary positions. In addition to situations in which there may be a shortage of qualified persons, the willingness of older persons to work on a less than full-time basis makes them an attractive source of personnel, particularly for clerical and service employment. The social security retirement test creates an incentive for persons 62 and over to work up to that limit rather than working more (with the consequent reduction in the social security benefit). This structural link between social security and private employment practices is clearly seen in the programs for part-time work for older persons.

There are many examples of hiring older persons for semiskilled or unskilled jobs, such as parking lot attendants, cafeteria workers, cashiers, and light manufacturing (assembly, packaging, etc.) in the NOWIS data base. Similarly, a retail sales force may be bolstered during rush hours or peak seasons. The largest group of programs, however, involves part-time or temporary clerical positions. Companies traditionally have used short-term employment services (e.g., Manpower, Kelly Services) for clerical positions. But in recent years, greater use has

been made of older workers in such positions through two allied approaches. First, there has been the introduction of temporary employment agencies that specialize in older workers (e.g., Mature Temps). Second, we are seeing a growth of interest in inhouse retiree pools that can serve as a source of part-time or temporary help. While the latter approach may be limited by pension problems associated with the rehiring of a former employee, the use of a retiree pool avoids agency fees and provides the employer with an individual who needs less orientation to the employment setting. Two examples indicate ways in which this can work. A large midwestern bank has established its own temporary work force, called "Ready Work Force," composed of 420 workers of all ages and including some former bank employees. Each person works the equivalent of one or two days a week, with a variety of schedules suitable to the bank and the individual worker. A second example is that of an insurance company that rehires its retirees on short-term projects from a pool of some 200 members of its "Retiree Club." These jobs last 2 to 6 months, and salaries are negotiated so that social security income is not affected.

In addition to these approaches, there are a variety of programs that focus on other types of workers. For example, a small specialty car manufacturer hires older skilled craftsmen. A publisher hires retired writers or editors. A hospital employs older nurses on a part-time basis. A particular instance in which former training and experience is not a prerequisite is that of a petroleum company with facili-ties in several countries. Of the 3,000 salespersons employed, some 500 are in their 60's, 70's, and 80's, working to supplement their social security. The company provides training for all new salespeople, and as a result of its positive experience with older workers, is willing to hire retirees regardless of their former education and careers.

Despite these variations, the hiring of older persons tends to apply to a fairly circumscribed group -- service and clerical personnel and those with critical technical/professional skills. There appear to be few situations in which the personnel needs of the private sector employer match the employment needs of the blue-collar or nonclerical white-collar worker who is displaced before retirement age. Although this might vary with the state of the economy, the options identified through NOWIS suggest little activity in this area.

Appraisal. Formal job and worker appraisal systems represent a means for clarifying the demands of a job and moving to a more objective (and age-neutral) assessment of candidates for personnel actions. Although some form of assessment is a feature of all employment settings, systematic appraisals that actively seek objective measures of job demands and performance remain relatively rare.

Although job/employee appraisal processes are not specifically designed for older workers, objective appraisals can counter unconscious negative stereotyping. In this sense, they represent an important practice for the older employee. The examples of approaches which are included in the NOWIS data base tend to be those that we identified after other programs within the company had been called to our atten-

tion. In one example, an aerospace company recently undertook a corporate-wide employee appraisal in anticipation of layoffs associated with an economic downturn. The results suggested that older workers generally were as effective and, in many cases, more effective in their jobs than were younger workers. This finding ran counter to many of the preconceptions held by management.

Training. Training is a broad concept with many different interpretations and manifestations. There are several elements which make the issue of training particularly important for older workers. First, age may be systematically associated with obsolescence of skills. Although experience gained on the job often compensates for outmoded training, technological changes render many older workers less able to perform in newer industrial and business settings.

A second problem is that employers may be hesitant to retrain older workers if they anticipate a lower long-term payoff than with a younger worker who may work for a longer period. Also, employers (and some older workers themselves) may feel that older persons are less able to acquire new skills.

Several examples of retraining of professionals to meet the demands of changing technology are included in NOWIS. For example, one company has retrained engineers to move from design work on an analog computer to using a digital computer. Similarly, a public utility has retrained a variety of engineers to work in nuclear energy development. In addition to these kinds of approaches, there are examples of companies that actively seek to stimulate workers to consider midcareer adjustments in order to shape their abilities to meet changing employment demands. In these examples, companies have chosen to meet some of their changing personnel needs by upgrading the skills of their current employees rather than hiring new personnel.

Training approaches include inhouse staff development programs as well as use of outside institutions (e.g., tuition reimbursement). Usually training efforts are specifically tied to job demands, but, in some cases, tuition reimbursement programs include other goals (such as second-career preparation).

Job Redesign. Examples of programs for redesigning jobs to meet the needs of older workers (or others) are rare. Companies may make adjustments for particular employees, but these efforts tend to be on an ad hoc basis. For example, one company employs a specialist whose responsibility it is to examine the jobs of workers who have physical difficulties and seek ways of making physical changes to alleviate problems. This large company, which manufactures optical equipment and employs about 20,000 people, finds it advantageous to retain highly trained workers with specialized skills. It is willing to modify equipment and install additional devices, or otherwise redesign a job in order to meet the needs of a particular worker.

In addition to the goals of retaining a valued employee, companies also find that accommodating the disabled worker may be a cost-effective alternative when Workers' Compensation or pension costs are involved.

Companies may also achieve some of the same benefits by shifting work assignments rather than changing the physical aspects of an individual job.

There are also examples of programs to redefine jobs (e.g., job sharing by splitting one job into two parts). In some cases, "job sharing" appears to be simply a form of part-time employment. But in other cases, it represents a clearer departure from the existing structure. Within the NOWIS base, most examples involve the relatively simple splitting of one job into two parts. In the case of clerical workers or semiskilled/unskilled workers, this may be straightforward. But for other groups, the process is more complex and subject to problems of implementation. One example of job sharing among professionals involves teachers who share what had been a single teaching responsibility. It is interesting to note that although this arrangement was designed as a way to link older, more experienced teachers with younger ones, it changed in practice because teachers of similar ages and teaching styles tended to work together. In a second example, a West Coast municipality experimented with job sharing with professionals but abandoned the program because of logistical and administrative difficulties.

The NOWIS system contains two examples of "flexiplace," or working at a site away from the office, usually at home. In both cases, the work involves computer applications, making direct links with the work place feasible. In one example, the use of this approach was limited among older workers, because the loss of the social interactions of the work place counteracted the convenience of working at home. With the increasing use of computers and communications network, however, "flexiplace" may be a harbinger of a much more physically decentralized work place.

Up to this point we have been discussing the programmatic efforts of companies as discrete approaches to the employment of older persons. In practice, however, they are expressions of broader personnel policies. The stability and impact of any particular program depends upon the extent to which it is a part of a coherent approach to personnel planning. An example of such an integrated set of programs can be seen in the variety of programs operating in a major midwestern computer company. Its domestic base includes 57,000 employees in plants throughout the United States. There are 20,000 employees at corporate headquarters, of whom 1,500 are less than full-time employees.

The company was one of the first users of flexitime in the United States. Since it was first introduced in 1972, flexitime has been extended to most employees, including manufacturing workers. Days per week are not flexible since government contract work allows employees to work only eight hours a day before they qualify for overtime. Starting and quitting times are flexible, however, as long as the core hours between 10 a.m. and 2 p.m. are included. On the production line, in which individuals are dependent on one another, the group must agree on scheduling.

The company also has a "flexiplace" program that involves alternate work sites. Originally designed in 1980 to permit disabled employees to work at home, flexiplace is now recognized as having great potential for homebound older workers. Text-editing and other computer-related tasks are accomplished on terminals placed in the home. Employees work at home on both a part-time and full-time basis.

The company has three approaches through which they hire older workers. The first is the rehiring of executive-level retirees on a consultant basis for special projects. The second practice involves "Business Advisors," a division within the company composed of employees who are independently hired as consultants by other companies. This group includes many retirees who were in mid-level management or technical fields. According to a company spokesman, it is the exception rather than the rule for retirees at the executive and managerial levels not to have a tie-in with the company after their retirement. In the preceding two practices, retirees are paid on a short-term contract basis.

A third hiring practice involving older workers is the use of "Temps," a company pool of temporary part-time employees, a number of whom are retirees. The pool was established to meet the periodic surges of activity for which an increased clerical and unskilled work force is required. Contrary to widely held beliefs that these arrangements are costly in terms of fringe benefits, recruitments, and training, the company has found that the benefits of having a pool of temporary part-time employees outweigh the costs. The workers are task-oriented and highly productive. Recruitment has also been found to be relatively easy since the local labor market of older persons, homemakers, and students may be tapped.

The company presently offers a variety of training and retraining opportunities. Since 1980, a midcareer course correction program has been offered to professional exempt employees, 30 to 55 years of age. It is a three-day course based on the premise that employees sometimes need a career change and the company would prefer to help employees find new careers within the company rather than recruit new employees. A number of employees also transfer laterally within the company. The company's emphasis on retraining is also based on the belief that employees who seek early retirement often want a career change.

Although this company is unusual in the extent of its personnel programming, it provides an example of how the different approaches may come together in an overall personnel plan extended to encourage flexibility and enhance the use of its work force.

Problems and Potentials Of Private Sector Programs

Any consideration of the role of private sector employment practices for older workers must be premised upon the recognition that the private sector is the primary source of employment -- and income -- for most people. The extent of governmental involvement in these areas is

limited and the structure of our economy is based on the primacy of non-governmental activity. Given this premise, it is productive to examine critically both the ways that private sector actions have addressed the problems of older workers and what can be reasonably expected in the future.

Our view of private sector programs/practices suggests three considerations in understanding their role with regard to older workers:

1. There are relatively few employment programs and practices for older workers and often they affect only a portion of a company's work force.

2. The approaches, through varied, address only particular segments of the national work force and certain situations of older workers.

3. The existence of many programs appears to be tenuous, with some suspending operation in the face of adverse economic conditions.

As we have suggested, programs are created and thrive when a symbiotic relationship exists, benefiting both the employee and the employer. This may mean that employers seek out older persons with technical/professional skills or develop part-time positions for clerical or service workers. Retiree pools may be used to bring in temporary employees who need little orientation and can be employed without the cost of agency fees.

Many older workers, however, whose skills are <u>not</u> in demand find it more difficult to adjust the job situation to open up part-time opportunities. Deployment for production work often presents logistical dilemmas for part-time scheduling. There are incentives for modifying work routines to attract workers when those workers are in demand. There is little reason to incur the organizational costs of added scheduling difficulties when there is a large supply of workers. Even in periods of lower unemployment, there are few companies that are interested in hiring a displaced 50 year-old production worker. And part-time employment options for the older worker without critical skills are limited.

The program/practice examples which we have identified and described in the NOWIS data base represent an important collection of approaches by private sector companies. While they may still be small in number, they offer models for replication by other companies. This spread, however, will be contingent upon the recognition that such approaches are in the interests of individual companies. This may limit the extent to which we can expect private sector action for large groups of older workers.

Programs and practices for older workers must be integrated with other personnel policies in order to maximize their effectiveness. As companies increasingly recognize the role of human resource management and development as a long-term goal, specific actions for one group can be folded into a broader view of the internal work force. In more specific terms, the development of programs for older workers must be coordinated with other aspects of personnel planning. Decisions about training will have an important effect on the nature of a company's older workers in 10 years. A rehiring program that is not carefully coordinated with the pension structure may be doomed to failure.

Integrating older worker programs with broader personnel policies is essential to avoid the problems of pitting one group of workers against another. In fact, many approaches that may be associated with older persons are relevant to all workers. Job redesign, which may seek to alleviate physical or psychological stress, is an example of an approach characteristic of more general "quality of work life" changes. Flexible scheduling, part-time options, and job appraisal may be as applicable to other workers as they are to older workers, especially with the increase in two-earner families and other changes in work patterns.

The integration of older worker programs with broader personnel policies is also important to lend greater stability to these innovative approaches. In the course of building the NOWIS data base we encountered numerous examples of programs that have been suspended during the recent decline in economic activity. One company, for example, reported suspension of a job-sharing program when business dropped off and another stopped using part-time employees during rush periods. In some cases, companies terminated programs because they did not work. A consulting division staffed by retired professional workers ceased operations when they could not become self-supporting. A job-sharing program found few employees interested and ceased operations. But more often, programs considered successful were terminated because of economic conditions.

In addition to the economic environment, public policies have an important influence on private sector programs. The most important direct effects arise from both social security and the regulations governing employee benefits.

Social security rules operate in two general ways. First, the retirement test creates incentives for social security beneficiaries to hold earned incomes below a given level. Administrators of part-time employment programs consistently report that older workers would work up to but not beyond the point where wages begin to reduce social security benefits. There was the clear impression that the retirement test operated to limit work effort.

In addition, the retirement test may serve to make older workers more willing to work for lower wages, since their maximum annual earnings are effectively set by social security policy. The combined effects of income from social security and a lower wage acceptance threshold (because of a fixed maximum for earnings) may foster the use

of older workers for part-time employment. Without the retirement test we might expect that some older persons would work more. But private sector programs based on the premise that many older persons want only limited jobs might be disrupted.

Medicare policy is also relevant to the employment of older persons. Until January 1983, the costs of health insurance for an older worker would decrease at 65 when the person became eligible for Medicare (Root, 1982:59). With the passage of the Tax Equity and Fiscal Responsibility Act of 1982, older workers will usually not be eligible for Medicare until retirement. This change, which was undertaken as a cost saving measure for Medicare, will result in extra costs for employers and may result in fewer employment options for older workers in the private sector.

Other aspects of employee benefit costs are relevant to the older worker and are directly affected by Federal regulations. For example, Age Discrimination in Employment Act provides that older workers must not receive benefits of lower cost than those for other workers, but the nature of those benefits may be adjusted to reflect cost differences associated with age. This is an attempt to ensure that the extension of mandatory retirement to age 70 will not unduly penalize employers or older workers themselves. In practice, there may be complications arising from the adjustment of the benefits package to compensate for age-related cost differentials. This has been made more complex by the change in Medicare coverage.

The ADEA permits the exclusion of a newly-hired worker who is 60 or over from pension plan participation and the cessation of pension crediting beyond the normal retirement age. These two aspects of the regulations may reduce the costs of employing the older worker.

In assessing future directions for personnel planning, the regulatory environment, the economic situation, and the personnel demands of production combine with a broader company philosophy to determine the ways in which older workers will be used. Changes in any of these factors can make a profound difference in the prospects for the employment of older persons.

Private sector employment programs for older workers reflect these aspects of public policy, just as they express the philosophy of a company. The portrait which emerges from the NOWIS data base suggests that private sector actions can have a significant positive impact on the employment prospects of older persons. But it also suggests that there are other groups of workers, such as the range of blue-collar, non-service workers and nonclerical white-collar workers, for whom private sector approaches have less of an impact. In anticipating the future role of company programs, we may expect current models to be extended to other companies and new models to emerge, but we should recognize that for some employment situations and for some groups of workers, the promise of mutual advantage in older worker programming may not exist. This may circumscribe private sector efforts and suggest the need for additional approaches.

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